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Supreme Court of the United States

OCTOBER TERM, 1954

No. 664

DARSYN LABORATORIES, INC.,

Petitioner,

vs.

LENOX LABORATORIES, INC., GAMMA CHEMICAL CORP., IRVING BIBER, BENJAMIN PECHERER, JOHN ROBSON, J. ROBERT FISHER and WILLIAM GERLACH,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

BRIEF FOR RESPONDENTS GAMMA CHEMICAL CORP., JOHN ROBSON AND J. ROBERT FISHER IN OPPOSITION

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IN THE

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Opinions Below

The opinion of the District Court (page 24 of petition) is reported at 120 F. Supp. 42. The opinion of the Circuit Court of Appeals (page 23 of petition) is reported at 217 F. 2d 648.

Jurisdiction

This Court has jurisdiction under 28 U. S. C. § 1254(1).

Questions Presented

1. Under 28 U. S. C. 1338 (b) which states that—

> "The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trademark laws"

is a "related claim" of unfair competition restricted to the exact subject matter of the process claims of a patent, or does the "related claim" include other steps of the process and equipment which contribute to and are necessary for obtaining the final product contemplated by the patent?

2. Does the federal court have jurisdiction of a charge of unfair competition in the appropriation by a Respondent of Petitioner's trade secrets in a two-stage process for converting quinoline to hydroxy-quinoline, where there is no diversity of citizenship, but where it is coupled with a charge of infringement of a patent covering the second stage of the process?

3. Does the Petitioner surrender its rights in its trade secrets by permitting a patent to issue describing some but not all of said trade secrets; and where a Respondent had appropriated said trade secrets prior to the issuance of said patent, can said Respondent be held liable for such appropriation?

4. Is Petitioner's charge of unfair competition against a Respondent for violation of Petitioner's trade secrets inconsistent with Petitioner's charge of patent infringement against said Respondent, insofar as both charges relate to the same period of time; or, can the Petitioner sustain both such charges?

5. Does the federal court have jurisdiction of Petitioner's charge of unfair competition where only one of the Respondents is charged with patent infringement and Petitioner alleges a conspiracy between all the Respondents to appropriate and violate Petitioner's trade secrets?

6. May the court interpret the wording of a patent claim to narrow its scope beyond the normal and obvious meaning of the words used, where such narrow interpretation is not warranted by the patent specification; specifically where the patent claim recites "*heating* said mixture to a temperature of 250° C. to 290° C." and adding another constituent to enter into a reaction, and the reaction is exothermic, may the court restrict the scope of the claim to *maintaining* the temperature within said range throughout the exothermic reaction?

Statement

Plaintiff accuses Gamma Chemical Corp. of infringement of patent 2,489,530, issued on November 29, 1949.

This patent relates to a process of making 8-hydroxy quinoline by the caustic fusion of quinoline-8-sulfonic acid, a process generally old and described at least as early as 1883 in the Fischer United States patent 270,045. The grant of the patent in suit was based upon the representation to the Patent Office that a temperature limit of 250-290°C., at which temperature the reaction mass is in an unmelted state, incorporated in each of the claims was critical and distinguished the process from the process of the early Fischer patent, which described the use of a somewhat higher temperature, at which the reaction mass is molten.

This limitation to 250-290° C. was inserted by amendment during the prosecution of the application, after the Patent Office had rejected claims unlimited as to upper temperature on the Fischer patent.

Plaintiff's evidence shows and the courts below found, that defendant Gamma uses a temperature in excess of 315° C., and that the reaction mass is molten, that is, is not the dry, non-sintered mass described in the patent as responsible for the supposedly better yields of the patented process.

The courts below found, in respect of the charge of patent infringement, a plain case of file wrapper estoppel, and additionally found that the temperature limitation and the requirement that the reaction mass be not molten were necessary to novelty, as otherwise the claims of the patent would be anticipated by the prior art.

Plaintiff charges defendants Gamma, Fisher and Robson with misappropriation of trade secrets obtained through conspiracy with Lenox, Biber, Pecherer and Gerlach. The assertion is that Biber, because of his relationship with plaintiff, learned plaintiff's secrets in the production of oxyquinoline, that when he resigned as an officer of plaintiff, he, with Pecherer and Gerlach, formed Lenox Laboratories and improperly used these trade secrets there, and that Fisher, Robson and Gamma, who purchased Lenox's equipment and process information, are chargeable with misappropriation because they were aware of Biber's former association with plaintiff.

In the production of 8-hydroxy quinoline by the procedure used by Gamma, the starting material is quinoline. This quinoline is converted to quinoline-8-sulfonic acid by an operation known as sulfonation, a well known process. The quinoline-8-sulfonic acid so produced is purified and then by a caustic fusion operation is converted to 8-hydroxy quinoline. The patent in suit contains no reference to the production of quinoline-8-sulfonic acid, and merely assumes its existence as a raw material for the process it describes.

Insofar as the caustic fusion step is concerned, the source of the quinoline-8-sulfonic acid is wholly unimportant. In carrying out this step of the operation it makes

no difference whether the quinoline-8-sulfonic acid is made at the same plant, or whether it is purchased or how it is obtained. The two steps are wholly unrelated one to the other, and there is no more relationship between the manner in which the quinoline-8-sulfonic acid is produced and the manner in which the caustic fusion is carried out than there is between the manner in which the caustic soda is produced and the manner in which the caustic fusion is carried out.

Under these circumstances, the courts below held they lacked jurisdiction with respect to the unfair competition claim insofar as it was based upon the sulfonation step because, all parties being residents of New Jersey, jurisdiction could only be founded on 28 U. S. C. 1338(b), and there was no patent claim related to the sulfonation step.

Plaintiff also charges appropriation of trade secrets through the same chain of derivation with respect to the caustic fusion step. As to this the courts below held there was the necessary relationship between the patent claim asserted against Gamma and the trade secret claim asserted against Gamma to confer jurisdiction of the claim insofar as Gamma is concerned. However, the courts held that inasmuch as the patent claim was asserted only against Gamma, there was no related patent claim to confer jurisdiction with respect to the charge of unfair competition insofar as all other defendants were concerned. The courts held that the charge of unfair competition against Gamma must be dismissed because without substance, inasmuch as all of the supposed secrets relating to the fusion step were disclosed in patent 2,489,530 when it issued on November 29, 1949, and there was no proof in the record of any operation by any defendant prior to that date.

Plaintiff in its petition makes statements as to operations by Lenox, and states that Gamma operated prior to November 29, 1949, but these statements are without foundation in the record, as Judge Smith specifically found (see petition page 45).

Argument

The present case is nothing more nor less than a run-of-the-mill patent case to which plaintiff has attempted to add an unfounded charge of misappropriation of trade secrets. It involves no new questions of law, no conflict with other courts, no departure from applicable decisions of this Court, and no departure from the accepted and usual course of judicial proceedings.

On the jurisdictional question, the courts below followed precisely the doctrine of *Hurn et al.* v. *Oursler et al.*, 289 U. S. 238, drawing the same distinction between related and unrelated causes of action as was there drawn by this Court. 28 U. S. C. § 1338(b) is generally regarded as the statutory enactment of the doctrine of *Hurn* v. *Oursler.*

As to the portion of the unfair competition claim with respect to which the courts below took jurisdiction, and found no cause of action, that is, the charge against Gamma in respect of the caustic fusion step, the courts below were not, as suggested by plaintiff, in conflict with the Second Circuit, but on the contrary, were in direct accord with the doctrine of the Second Circuit as established by *Conmar Products Corp.* v. *Universal Slide Fastener Co.*, 172 F. 2d 150, and *Telechron, Inc.* v. *Parisi*, 197 F. 2d 757.

Plaintiff suggests that the decisions of the courts below are in conflict with the decision by the Court of Appeals for the Second Circuit in *Franke et al.* v. *Wiltschek, et al.*, 209 F. 2d 493. No such conflict exists. The *Franke* v. *Wiltschek* case, where jurisdiction was founded on diversity, involved a proven misappropriation of a trade secret. The defense that there was no trade secret because the supposed secrets were disclosed in an expired patent was rejected because (1) there was a confidential relationship between the parties, (2) the expired patent did not fully

disclose the trade secret, and (3) the owner of the trade secret was a stranger to the patent. What the courts below held in the present case is that one in possession of a new process may invoke patent protection or trade secrecy protection, but on issuance of the patent gives up any claim to trade secrecy protection in the absence of a contract. In the present case there has been no suggestion made as to any contractual relationship between defendants Fisher, Robson and Gamma on the one hand and plaintiff on the other.

On the patent question, narrow construction of the claims of the patent, as compelled by the proceedings in the Patent Office and the prior art, the courts below followed exactly the rulings of this Court, in particular, those in *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U. S. 126; *Schriber-Schroth Co.* v. *Cleveland Trust Co. et al.*, 311 U. S. 211, and *I. T. S. Rubber Co.* v. *Essex Rubber Co.*, 272 U. S. 429, applying accurately and correctly the rule that an applicant who amends his claims to meet the objections of the Patent Office is bound by limitations so imposed, and such limitations are to be construed against him.

Plaintiff asserts that in refusing to stretch the patent to embrace operations conducted at temperatures well above 290° C., the courts below applied a different rule than has been applied by other circuits, specifically, by the Court of Appeals for the Ninth Circuit in *Cutter Laboratories, Inc.* v. *Lyophile-Cryochem Corp.*, 179 F. 2d 80; the Court of Appeals for the Second Circuit in *Musher Foundation, Inc.* v. *Alba Trading Co.*, 150 F. 2d 885, and the Court of Appeals for the Fourth Circuit in *Oates* v. *Camp*, 83 F. 2d 111, and in certain decisions of this Court, for example, *Sanitary Refrigerator Co.* v. *Winters et al.*, 280 U. S. 30. An essential distinction between each of these cases and the present case is that in the present case the limitation was inserted following rejection on

prior art, giving rise to file wrapper estoppel, while in each of the other cases the limitations were not introduced under such conditions. There was no file wrapper estoppel in any of the cases cited by plaintiff, and, indeed, in the *Cutter Laboratories, Musher* and *Oates* cases, the courts specifically pointed out that there was no file wrapper estoppel.

It is thus apparent that while plaintiff presents six questions for consideration, they come down to three questions, as follows:

1. The question as to the scope of jurisdiction under 28 U. S. C. § 1338(b), which in effect involves the question as to whether the District Court had jurisdiction with respect to supposed secrets in the sulfonation step on the ground that it is sufficiently related to the patent claim involving only the fusion step. The courts below correctly followed the doctrine of *Hurn* v. *Oursler*.

2. The question as to whether a patentee does or does not dedicate to the public subject matter disclosed in his patent, but not claimed therein. The courts below correctly held he does. Here plaintiff asserts conflict with the Second Circuit, but as shown above, this conflict does not exist.

3. The question as to whether the doctrine of equivalents permits a patentee to stretch his patent to embrace material deliberately given up during the prosecution of his application, following rejection by the Patent Office. Here the courts below followed precisely the doctrine repeatedly stated by this Court to be the correct doctrine, that is, that limitations so introduced are binding.

We think it is thus apparent that the present case involves no question warranting review by this court.

CONCLUSION

For the foregoing reasons it is respectfully submitted that the petition for a writ of certiorari should be denied.

Respectfully submitted,

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April 12, 1955.